## TREASURY APPROPRIATIONS/Interagency Contracting

SUBJECT: Treasury, Postal Service, and General Government Appropriations Bill for fiscal year 1997 . . . H.R. 3756. Thomas modified amendment No. 5224.

## **ACTION: AMENDMENT AGREED TO, 59-39**

SYNOPSIS: As reported, H.R. 3756, the Treasury, Postal Service, and General Government Appropriations Bill for fiscal year 1997, will provide \$23.5 billion in new budget authority (BA) for the Department of the Treasury, Postal Service, Executive Office of the President, and various independent agencies. This amount is \$324 million more than the amount provided in FY 1996, \$175 million more than the amount provided in the House-passed bill, and \$1.36 billion less than requested by President Clinton.

The Thomas modified amendment would not allow one Federal agency to contract for commercially available goods and services from another Federal agency unless a comparison were made between the costs of those goods and services and their commercial costs, and unless cost and performance benchmarks were set. The Office of Management and Budget (OMB) would issue regulations within 120 days to implement this amendment. The amendment would apply to any policy, regulation, or circular, or any other r rule or authority in any other form, except that purchases for contingency operations associated with a national emergency would be exempt.

## **Those favoring** the amendment contended:

For more than 40 years the Federal Government's policy on agency operations has been that Federal agencies should rely on the private sector to supply commercially available goods and services in those areas in which the private sector can legitimately function. This policy has been routinely ignored--for example, the Defense Science Board calculates that out of 850,000 full-time positions needed to provide commercial services for the military, 640,000 are held by Federal employees rather than private sector personnel. When agencies have hired outside contractors for such positions instead of increasing the number of Federal employees,

(See other side) **YEAS (59)** NAYS (39) NOT VOTING (2) Republicans Republicans **Democrats** Republicans Democrats **Democrats** (52 or 100%) (7 or 15%) (0 or 0%) (39 or 85%) **(1) (1)** Pryor-4 Abraham Helms Baucus Akaka Kennedy Roth-2 Ashcroft Hutchison Biden Bingaman Kerrey Bradley Bennett Inhofe Boxer Kerry Jeffords Bond Breaux Bryan Lautenberg Brown Kassebaum Feinstein Bumpers Leahy Burns Kempthorne Graham Byrd Levin Campbell Lieberman Kyl Kohl Conrad Chafee Lott Daschle Mikulski Moseley-Braun Coats Lugar Dodd Cochran Mack Dorgan Movnihan Cohen McCain Exon Murray Feingold Coverdell McConnell Nunn Murkowski Craig Ford Pell D'Amato Nickles Glenn Reid DeWine Pressler Harkin Robb Domenici Santorum Heflin Rockefeller EXPLANATION OF ABSENCE: Faircloth Shelby Hollings Sarbanes Frahm Simpson Inouye Simon 1—Official Buisiness Smith Wellstone Frist Johnston 2—Necessarily Absent Gorton Snowe Wyden 3—Illness Gramm Specter 4—Other Grams Stevens Grassley Thomas SYMBOLS: Gregg Thompson AY—Announced Yea Hatch Thurmond AN-Announced Nav Hatfield Warner PY-Paired Yea PN-Paired Nay

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they have often gone to other Federal agencies instead of to the private sector. Those contracts are called Interservice Support Agreements (ISSAs). Under one recent ISSA, the U.S. Geological Service was hired by the Bureau of Reclamation to participate in the High Plains Groundwater Recharge Program. The project took twice as long and cost three times as much as the commercial industry standard. In another example, the Navy recently completed a state-of-the-art environmental lab to provide routine hazardous waste characterization in Jacksonville, Florida, and it intends to offer its services to other Federal agencies. However, this service is already available from the private sector. It is neither a wise nor just use of taxpayer dollars for the Federal Government to build facilities to compete with private sector facilities.

The Clinton Administration recently has adopted a policy that will give agencies until October 1, 1997, to enter into ISSAs without meeting any cost-comparison requirements. It is this policy that the Thomas amendment would address, in a very limited way. The amendment would not touch the problem of agencies hiring more Federal employees for jobs that could be done more effectively and at less cost by the private sector, nor would it stop agencies from hiring other agencies to do jobs that again could be done more effectively and at less cost by the private sector. All the amendment would do is require agencies to make cost comparisons, and get performance benchmarks, when hiring other agencies. The Clinton Administration's new policy of not requiring agencies to give any consideration to costs when hiring other agencies is supposedly going to save money. We think that claim is nonsense. We trust a majority of our colleagues agree and will join us in passing this amendment.

## **Those opposing** the amendment contended:

We are not totally opposed to this amendment. Its purposes, to promote efficiency and effectiveness in Government operations, and to keep the Government from competing with the private sector, are praiseworthy. However, we are concerned that the language may be redundant with current law, and that it may be too broad. On the first concern, the Economy Act already requires that an agency head determine that goods or services cannot be provided as conveniently or cheaply by a commercial enterprise before going to another agency for those goods or services. On the second concern, the language appears to apply to virtually any type of agency activity with another agency no matter how small that activity may be, except in national emergencies. Our fear is that the most routine and insignificant transactions would get weighed down by paperwork requirements from this amendment. Further, the national emergency exemption is pretty narrow--under the terms of this amendment, for instance, the Central Intelligence Agency for secrecy reasons might prefer to contract with the National Security Agency for services, but still it would have to perform cost comparisons with the private sector. Perhaps, on further review, we might find this amendment acceptable. However, we have not had adequate time for that review. No hearings have yet been held on this issue. We should hold such hearings in order to be able to come to an informed decision. For now, we should reject the Thomas amendment.